

GIBBS & BRUNS LLP

Kathy D. Patrick, Esq. (*pro hac vice*)

Robert J. Madden, Esq. (*pro hac vice*)

1100 Louisiana, Suite 5300

Houston, TX 77002

Telephone: (713) 650-8805

Facsimile: (713) 750-0903

-AND-

ROPES & GRAY LLP

Keith H. Wofford, Esq. (KW-2225)

D. Ross Martin, Esq. (DM-2947)

1211 Avenue of the Americas

New York, NY 10036-8704

Telephone: (212) 596-9000

Facsimile: (212) 596-9090

Attorneys for the Steering Committee Group of RMBS Holders

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

Residential Capital, LLC, *et al.*

Debtors.

Chapter 11

Case No. 12-12020 (MG)

Jointly Administered

**OBJECTION OF THE STEERING COMMITTEE GROUP OF RMBS HOLDERS
TO THE MOTION OF WILMINGTON TRUST, NATIONAL ASSOCIATION,
SOLELY IN ITS CAPACITY AS INDENTURE TRUSTEE FOR THE SENIOR
UNSECURED NOTES ISSUED BY RESIDENTIAL CAPITAL, LLC, FOR AN
ORDER AUTHORIZING IT TO PROSECUTE CLAIMS AND OTHER CAUSES
OF ACTION ON BEHALF OF THE RESIDENTIAL CAPITAL, LLC ESTATE**

TO THE HONORABLE MARTIN GLENN:

The Steering Committee Group of RMBS Holders (the “Steering Committee Group”),¹ by and through its undersigned counsel, hereby submits this objection (the “Objection”) to the *Motion of Wilmington Trust, National Association, Solely in its Capacity as Indenture Trustee for the Senior Unsecured Notes Issued by Residential Capital, LLC, for an Order Authorizing it to Prosecute Claims and Other Causes of Action on behalf of the Residential Capital, LLC Estate* [Docket No. 3475] (the “WTC Motion”).² In support of this Objection, the Steering Committee Group respectfully represents as follows:

I. THE WTC MOTION IS PREMATURE DUE TO ONGOING PLAN MEDIATION AND THE FORTHCOMING EXAMINER’S REPORT.

1. In light of the ongoing mediation, and a full year until the expiration of the two-year period under section 546(a)(1)(A) to bring such claims, the extraordinary relief requested in the WTC Motion need not be granted at this time.³ Indeed, Wilmington Trust, on behalf of the Senior Unsecured Noteholders, does not owe any fiduciary duties to other creditors of HoldCo.

2. In contrast, the Examiner’s report, which will include an analysis of the claims Wilmington Trust seeks to prosecute, is scheduled to be released in the near-term. There simply is no need to authorize a single creditor to prosecute estate claims prior to the release and assessment of the Examiner’s report, particularly when the report will provide the various parties

¹ The Steering Committee Group consists of AEGON USA Investment Management, LLC; Angelo, Gordon & Co., L.P.; Cascade Investment, LLC; Federal Home Loan Bank of Atlanta; Goldman Sachs Asset Management, L.P.; ING Investment Management Co. LLC; ING Investment Management, LLC; Bayerische Landesbank; BlackRock Financial Management Inc.; Kore Advisors, L.P.; Pacific Investment Management Company LLC; Metropolitan Life Insurance Company; Neuberger Berman Europe Limited; SNB StabFund; The TCW Group, Inc.; Teachers Insurance and Annuity Association of America; Thrivent Financial for Lutherans; Western Asset Management Company; and certain of their affiliates, either in their own capacities or as advisors or investment managers.

² Capitalized terms used but not defined herein shall have the meaning ascribed in the WTC Motion.

³ The Steering Committee Group expressly reserves all objections to any further motion for authorization to prosecute and settle estate causes of action.

in mediation with an assessment of the strength of their respective litigation positions. The WTC Motion should be denied for these reasons alone.

II. PROVIDING THE SENIOR UNSECURED NOTEHOLDERS WITH CONTROL
OVER HOLDCO CLAIMS DOES NOT ALLEVIATE THE CONFLICTS ALLEGED

3. To the extent that the Court considers the relief requested in the WTC Motion, the relief should be denied because it does not resolve the conflicts that Wilmington Trust itself alleges. Wilmington Trust asserts that the Committee, *on which it sits and of which it is a co-chair*, cannot adequately represent the interests of the HoldCo creditors. If that is true, the Committee (including Wilmington Trust as a member) likewise would be unable to adequately represent the interests of the OpCo creditors in connection with the same and other disputes. For example, the OpCos will have substantial subrogation claims against HoldCo based upon any payments made to the Junior Secured Bondholders from the OpCo estates, not to mention the resolution of other substantial (and thorny) intercompany claims. Wilmington Trust does not identify how a purportedly (according to Wilmington Trust) conflicted creditors committee, on which it sits and is a co-chair, can adequately represent the OpCo estates in claims by and against the HoldCo and against Ally Financial, Inc. (“Ally”). Indeed, Wilmington Trust appears inclined to have exclusive control of the HoldCo claims, and yet remain a member of and co-chair of the Creditors Committee that is charged with representing the interests of the OpCo estates.

4. This unresolved conflict, which Wilmington Trust does not even address, only demonstrates that the relief requested in the WTC Motion should be denied. To the extent that the Court considers granting the relief requested in the WTC Motion, the granting of the WTC Motion should be predicated on the appointment of an independent representative, after full notice and a hearing, for the OpCo estates in connection with any litigation and resolution of claims between and among the OpCos and (i) Ally and its non-debtor affiliates, and (ii) HoldCo.

WHEREFORE, for the foregoing reasons, the Steering Committee Group respectfully requests that the Court DENY the WTC Motion in its entirety.

Dated: May 7, 2013
New York, New York

/s/ D. Ross Martin

Kathy D. Patrick, Esq. (*pro hac vice*)
Robert J. Madden, Esq. (*pro hac vice*)
GIBBS & BRUNS LLP
1100 Louisiana, Suite 5300
Houston, TX 77002
Telephone: (713) 650-8805
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